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09/282,747	03/31/1999	JAY S. WALKER	WD2-99-007	9049
22927	7590	04/13/2004	EXAMINER	
WALKER DIGITAL FIVE HIGH RIDGE PARK STAMFORD, CT 06905			LE, KHANH H	
			ART UNIT	PAPER NUMBER
			3622	

DATE MAILED: 04/13/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/282,747

Applicant(s)

WALKER ET AL.

Examiner

Khanh H. Le

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 12/22/2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1- 42, 49 - 65, 72 - 78 and 80 - 81 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1- 42, 49 - 65, 72 - 78 and 80 - 81 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

**Detailed Action (Paper # 36)**

1. This Office Action is responsive to the Appeals Brief dated December 22, 2003.

(Except for claims 37-38, 39-40, 57-59 which are not being appealed, all other claims are presented for Appeals).

Claims 1- 42, 49 - 65, 72 - 78 and 80 - 81 are pending in the present application.

Claims 1, 36-37, 41-42, 51, 72 - 74, and 81 are independent.

2. In response, the finality of the rejection of the last Office action is hereby withdrawn. New rejections are presented.

***Double Patenting***

3a. A rejection based on double patenting of the "same invention" type finds its support in the language of 35 U.S.C. 101 which states that "whoever invents or discovers any new and useful process ... may obtain a patent therefor ..." (Emphasis added). Thus, the term "same invention," in this context, means an invention drawn to identical subject matter. See *Miller v. Eagle Mfg. Co.*, 151 U.S. 186 (1894); *In re Ockert*, 245 F.2d 467, 114 USPQ 330 (CCPA 1957); and *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970).

A statutory type (35 U.S.C. 101) double patenting rejection can be overcome by canceling or amending the conflicting claims so they are no longer coextensive in scope. The filing of a terminal disclaimer cannot overcome a double patenting rejection based upon 35 U.S.C. 101.

3b. Claim 78 is objected to under 37 CFR 1.75 as being a substantial duplicate of claim 77. When two claims in an application are duplicates or else are so close in content that they both cover the same thing, despite a slight difference in wording, it is proper after allowing

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one claim to object to the other as being a substantial duplicate of the allowed claim. See MPEP § 706.03(k).

***Claim Rejections - 35 USC §101***

4. 3.35 U.S.C. 101 reads as follows:

*Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requires of this title.*

5. Claims 1,3, 8-12, 13-21, 26-30, 34-35, 75, 36 and 76, 42, 49, 50, 80, 51, 54, 57, 63,72 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

Under the first prong of the test, for a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject

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matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

**As to claim 1:**

In the present case, claim 1 only recites an abstract idea. The recited steps of merely receiving information about a customer and an item of intended purchase and making an offer for subsidy does not apply, involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of the user or by use of a pencil and paper. These steps only constitute an idea of how to select an subsidy offer over another.

Additionally, under the second prong of the test, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed invention produces a subsidy offer to present (i.e., repeatable, useful and tangible).

Although the recited process produces a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claim 1 is deemed to be directed to non-statutory subject matter and thus rejected under 35 U.S.C. 101.

**Claims 3, 8-12, 13-21, 26-30, 34-35, 75, 36 and 76, 42, 49, 50, 80 are rejected on the same analysis and rationale as claim 1.**

**Further, in the present case, claims 51, 54, 57, 63, 72 rejected under 35 U.S.C. 101 because the claimed inventions are directed to non-statutory subject matter.**

Claims 51, 54, 57, 63, 72 may be seen as citing technological arts in the preamble.

Under the first prong of the test, as to technological arts recited in the preamble, mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer

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statutory subject matter to an otherwise abstract idea unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble.

In the present case, none of the recited steps in claims 51, 54, 57, 63, 72 are directed to anything in the technological arts as explained above with the exception of the recitation in the preamble that that an apparatus is involved, which could be pencil and paper. Looking at the claims as a whole, nothing the body of the claims recites any structure or functionality to suggest that a computer or other technology performs the recited steps. Therefore, the claims fail the first prong of the test.

Additionally, under the second prong of the test, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed inventions produce a subsidy offer to present (i.e., repeatable, useful and tangible).

Although the recited claims produce a useful, concrete, and tangible result, since the claimed inventions, as a whole, are not within the technological arts as explained above, claims 51, 54, 57, 63, 72 are deemed to be directed to non-statutory subject matter.

### *Claim Rejections - 35 USC § 103*

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

*(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary*

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*skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.*

7. Independent claim 1, and its dependencies 3-4, 8-12, 13-21, 26-35, 75, independent claim 36 and its dependency 76, independent claim 37 and its dependency 38, independent claim 41, and its dependencies 77-78, independent claim 42, independent claim 49, and its dependencies 50, 80, and independent claims 51-56, 57-59, 60-65, 72-74, and independent claim 81

are rejected under 35 USC 103(a) as being unpatentable over Katz et al., US 6,055,513 in view of, "Selling a free phone" by Dana Spoor, Cellular Business v11n2, pp 58-62, Feb 1994, Dialog File 15, Record # 00825327, hereinafter Spoor.

As to independent claim 1, and its dependencies 3, 8-12, 13-16, 20-21, 26-35, 75, independent claim 36 and its dependency 76, independent claim 41, and its dependencies 77-78, independent claim 42, independent claim 49, and its dependencies 50, 80, and independent claims 51-56, 60-65, 72-74,

Katz discloses methods, apparatuses, systems (see at least Fig. 5, items 190, 192 and associated text) and computer readable media, comprising:  
a data storage device; and  
a processor (see at least Fig. 5, items 190, 192 and associated text) connected to the data storage device,  
the data storage device storing a program (see at least col.20 lines 25-62)

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for controlling the processor; and  
the processor operative with the program to:

receive, during a transaction, information relating to customer activity via a Web server on a Web site (also interpreted as an on-line POS for claim 42) of a first vendor (see at least Figs. 4, 5, 6 and associated text ; col. 8 lines 22-26; col. 21 lines 9-15; purchase contact);

determine whether to provide an offer for a good or service ("an upsell", see at least col. 13 lines 38-47)

based on the information relating to customer activity and /or a rule (see at least Figs. 6, item 310, re. "upsell determination" rules and associated text; col. 26 lines 4-12 : "rules" );

determine an offer (see at least Fig. 6 item 354 and associated text)  
for a good or service from a second vendor;

display, via a Web page on the Web site (see at least col. 20 lines 9-19)  
, an indication of the offer (see at least Fig. 9 and associated text) for the good or service from the second vendor;

receive customer input via the Web site, the customer input representing a response to the offer (see at least Fig. 9, item 414 and associated text);

receive a selection of at least one item the customer desires to purchase (see at least col. 21 lines 9-15) the at least one item having an associated total price (implied);

receive, during the transaction, a credit card identifier that identifies a credit card -  
account (see at least col. 23 lines 27-30); and

charge a second price to the credit card account if the response indicates that the offer is accepted (see at least Fig. 6, items 360-368 and associated text ;col. 26 lines 49-58: customer billing and



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allocation of costs between vendors whereby the second vendor pays some of the first vendor's costs).

Katz discloses upsell offers of goods/services upon indication of and based on a primary transaction, closing/order fulfillment/tracking on the second transaction (i.e. indication of fulfillment received) (see at least Figs 5, items 210-214 and associated text), but does not disclose the offer is a conditional offer for a subsidy on the item that's the subject of the first transaction, and that the second price charged is less than the total price of the first item.

However, Spoor discloses selling customers phones at a discount, to the point of giving the phones for free (claim 49), if the customers would sign new cell phones (claims 21, 26-27) services contracts (see page 1), with the service carriers subsidizing the cost of the phone, (see page 2, 1<sup>st</sup> full paragraph), and service cancellation fees (penalties for claim 31) (see page 2, 4<sup>th</sup> full paragraph). The provision of crediting the subsidy to the customer's account so that the phone becomes a free or almost-free phone is implied in Spoor (claims 8, 50).

It would have been obvious to one skilled in the art at the time the invention was made to add Spoor teaching of a subsidized item to Katz's upsell method to achieve sales for the second vendor because "it is always easy to take a chance on something free" (Spoor, page 1) "when the customer has already manifested a desire or interest to purchase." (Katz, col.8 lines 22-26) and "*the system may utilize prior purchases as a factor in determining the upsell for offer. Prior purchases may indicate areas of interest, suggesting the offer of further goods within that general area of interest*" (Katz, col.8 lines 22-26).

As to claim 4, Katz further discloses contact via email or telephone (see at least col. 11 lines 38-42).

As to claims 17-19, K. implicitly discloses determining the response was received within a predetermined period of time (within the time of contact) and charging (order fulfillment) is

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performed only if response indicates acceptance after a certain time (implicitly, within the time of contact).

As to claims 37, 57-59, Katz further discloses receiving customer contact information, providing the offer using contact information see at least Fig. 6 item 300, registration, 350, 370, and associated text), use of a credit card (see at least col. 23 lines 27-30).

As to claim 38, Katz further discloses determining of customer contact information is stored, and requesting such if not stored (see at least Fig. 6 item 300, registration, and associated text).

#### Claim 81.

A method, comprising the steps of: receiving an indication that an item has been placed in a shopping cart of a Web site of first vendor, in which the item has an associated price; determining whether to provide an offer for a subsidy based on the received indication; determining an offer for a subsidy from a second vendor, in which the offer includes a requirement to participate in a transaction with the second vendor; displaying during a transaction, an indication of the offer for the subsidy from the second vendor, in which the offer is displayed via a Web page; receiving input representing, a click of a button on the Web page; determining, from the input, a response to the offer for the subsidy; and selling, during the transaction, the item for a second price if the response indicates that the offer is accepted, in which the second price is less than the price of the item.

This claim is a combination of claims 1, 9, 32, 41 and an additional limitation "receiving an indication that an item has been placed in a shopping cart of a Web site of first vendor" which Katz does not specifically disclose.

The limitations common to those of claims 1, 9, 32, 41 are rejected on the same bases.

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Katz teaches upsell as soon as a transaction takes place on a website. Spoor teaches upsell at a physical POS. Official Notice is taken that online shopping, using E-shopping carts to simulate shopping in the physical world is well-known before Applicant's invention time. Thus it would have been obvious to one skilled in the art at the time the invention was made, in an on-line transaction environment, to add making the upsell when the customer puts goods in E-shopping carts to the system of Katz/Spoor, to effect the teachings of Katz, which is to provide an upsell at the point "when the customer has already manifested a desire or interest to purchase." (col.8 lines 22-26). Online, putting goods in E-shopping carts clearly indicate such interest to purchase.

8. Claim 2 is rejected under 35 U.S.C. 103(a) as unpatentable over Katz in view of Spoor as applied to claim 1 and further in view of the article "Can mixing "cookies" with online marketing be a recipe for heartburn" by Ed Foster, Infoworld v18n30, pp54, Jul. 22, 1996, hereinafter, the "Cookie Article".

Katz teaches automatic user activity tracking (see at least col. 21 lines 32-67) but does not teach receiving information relating to customer activity comprises reading information from a cookie, but the Cookie article teaches just that (abstract lines 1-6). It would have been obvious to one skilled in the art at the time the invention was made, to complement Katz's automatic user activity tracking teaching with the cookie technology, as it becomes known, because it is a powerful tool for gathering data about users' activities on the Internet to enhance Katz's upsell profiling/targeting system (col. 21 lines 59+).

9. Claims 5-7 are rejected under 35 USC 103(a) as being unpatentable over Katz in view of Spoor as applied to claim 1 and further in view of Kanter, US 5537314, hereinafter, Kanter.

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As per claim 5, Katz /Spoor does not specifically teach that the step of charging the price for the at least one item comprises: charging the customer the total price; and crediting an amount of funds to an account, the amount of funds being based on a difference between the total price and the second price.

However, Spoor implicitly discloses calculating the total price then deducting the total credit to arrive at the final cost of the phone to make it free.

Further Kanter teaches crediting an amount of funds to a credit card account for incentive amounts.(col 7 l. 26-40, col 28 l. 14-45) It would have been obvious to one skilled in the art at the time the invention was made to add to Katz/Spoor teachings, Kanter's specific teaching of crediting the incentive to an account to accommodate such discounting systems as used by second vendors and thus increase the flexibility of the system.

As per claim 6 (dependent on claim 5), Katz discloses the step of consummating/billing the second transaction is performed after the step of charging the total price for the first transaction (see at least Fig. 7 items 238, 264 and associated text: 2<sup>nd</sup> transaction performed after the first one). Thus logically in a discount situation as in Katz/Spoor, the credit would be given after the charging the total price.

As per claim 7 (dependent on claim 5), Kanter teaches the step of crediting comprises crediting the amount of funds to a credit card account (see at least col 7 l. 26-40, col 28 l. 14-45).

**10. Claims 22-25 are rejected under 35 U.S.C. 103(a) as unpatentable over Katz in view of Spoor as applied to claim 21 and further in view of the article "Credit Card firms drive down costs" by Stephen Ellis, Times Newspapers Limited, Sunday times, Feb. 27, 1994, hereinafter "the Ellis article".**

As to Claims 22, 24 and 25 neither Katz nor Spoor teaches the step of receiving an indication that the customer has fulfilled the obligation comprises receiving an indication that the

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customer has switched service providers. However, the Ellis article discloses a system where advertisers offer incentives to users to switch to their credit card account services (consumers are encouraged to switch credit card service providers to lower interest rates on transferred balances, see page 1 last paragraph). It would have been obvious to one skilled in the art at the time the invention was made to complement the Katz/Spoor's teachings (of upselling when a customer is ready to buy based on the primary transaction and user profiling and for offering subsidies to entice taking chances with the second vendor) with the Ellis article providers switching teaching to permit that class of advertisers to implement their advertising method on the Katz/Spoor system and take advantage of Katz's upsell profiling/targeting methods.

As per claim 23 (dependent on claim 22), both Katz and Spoor discloses second vendors monitoring contract fulfillment by customers (penalties for breach in Spoor). Thus both Katz nor Spoor teach the step of receiving an indication that the customer has fulfilled the obligation with the second vendor comprises: determining a new customer of the second vendor; and determining if the new customer had been made an offer (of a subsidy in Spoor). In the case of switching providers as taught by the Katz/Spoor/ Ellis system, Katz/Spoor thus discloses the step of receiving an indication that the customer has switched service providers comprises: determining a new customer of the second vendor; and determining if the new customer had been made a subsidy.

**11. Claims 39-40 are rejected under 35 U.S.C. 103(a) as being unpatentable over Katz in view of Spoor as applied to claim 37 above, and further in view of Walker et al. , US 6049,778, hereinafter Walker.**

As per claim 39, Katz/Spoor does not teach that the step of receiving an indication of at least one item that a customer has purchased comprises: receiving an indication of items that a plurality of customers have purchased. However, Walker teaches just that (Fig 10A item 228; col 11 l. 59-64: early adopters get rewards). It would have been obvious to one skilled in the art at the time the invention was made to combine the Katz/Spoor's and Walker's teachings in order to achieve the advantage of stimulating cross-sales at an early stages of product/services

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development. Thus, for example, a cellular communications service provider will want to provide incentives to early buyers of cellular phones to quickly increase sale of its services.

As per claim 40, Katz/Spoor does not teach that the step of receiving an indication of items that a plurality of customers have purchased is performed at predetermined times. However, Walker teaches just that ( Fig 10A item 228; col 11 l. 35-45) It would have been obvious to one skilled in the art at the time the invention was made to combine the Logan/Spoor's teachings in order to achieve the particular purpose of the rewards campaign, for example, to be able to quickly notify the customer that an award is given after his registration to the system identifies him as the 100<sup>th</sup> buyer and thereby secure his enthusiasm and loyalty.

### **Conclusion**

12. Prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

**Examiner Jim Myhre's Notarized Affidavit dated December 22, 2003, hereinafter Myhre discloses discounted phones in exchange for service contracts at Radio Shack.**

**"Cellular wrong signals, Newsday, p39, 7/22/1993, Dialog file 16, record # 02945458, herein the Nynex article, previously cited, discloses free phones for service contracts with large penalties.**

**"Faith Goes Cellular" by Stuart Crump, Home Office Computing, v12, n6, p110(2), June 1994, Dialog File 47, Record # 04076233, discloses free phones for service contracts with large penalties.**

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**“Cart vendors offer line-free shopping” by Penny parker, Denver Post , WED1 ED P D-01, Dec. 20, 1995, Dialog File 387, record # 00625125 discloses discounted phones for service contracts at POS’s.**

**“Cell Phone Hype Pigeon Family Sweats the Details” by Mr. Pigeon, Star Tribune , Jan 29, 1995, Dialog File 724, record # 08029104 discloses discounted phone prices for new cell phone services customers, stiff cancellation penalties.**

13. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Khanh H. Le whose telephone number is (703) 305-0571. The examiner is on flexible schedule and can normally be reached on Tuesday-Wednesday from 9:00 AM - 6:00 PM. The examiner can also be reached at the e-mail address: [khanh.le2@uspto.gov](mailto:khanh.le2@uspto.gov) If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber, can be reached on (703) 305-8469.

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Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is 703-308-1113.

April 5, 2004

Khanh H. Le

  
JAMES W. MYHRE  
PRIMARY EXAMINER